

BSC Services Provided to BST at FDC

Transaction-Based
Services

Knowledge-Based
Services



Comptrollers (Cont'd)

Risk Management

- Maintenance of a comprehensive Risk Management program to minimize the cost of non-speculative risk by exposure identification and control, risk financing through retention or insurance, and contractual transfer, for all BellSouth entities. X
- The placement of all property and casualty insurance, including general liability, automobile liability, workers compensation and other coverages for all BellSouth entities. X
- Research on various risk and insurance matters and development of a coverage program for both domestic and international subsidiaries of BellSouth to structure the most efficient global program in keeping with BellSouth's overall Risk Management strategy. X

Corporate and External Affairs

- Advancement of BellSouth's commitment to educational excellence by utilizing corporate resources in initiatives aimed mainly at elementary and secondary schools. X
- Participation in national and regional initiatives that seek to examine and remedy the problems of education. X
- Weekly updates of publications, conferences and corporate activities related to education via the BellSouth Internal Education Network. X
- Coordination of interdepartmental teams to leverage BellSouth's education involvement, both for positive impact on education and for enhanced share of the education market. X
- Coordination with BSC Human Resources to develop materials and programs that will influence school programs to address the work force skills required by BellSouth employees. X
- Administration of approval process for grants from the BellSouth Foundation. X
- Representation of company in education and business associations. X

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Corporate and External Affairs (Cont'd)

- Coordination of all requests for corporate contributions. Coordination with other BellSouth companies to ensure proper review and to avoid duplication. X
- Administration of all corporate memberships and sponsorships. X

Corporate Secretary

- Preparation for and documentation of Board of Directors and Committee meetings. X
- Preparation of corporate filings with Secretaries of State. X
- Administration of policies and procedures relating to Directors. X
- Archiving programs for retention of corporate records and subsequent documentation and research. X
- Certification, advice and information regarding directorship practices, board matters and file policies. X
- Retention of corporate and subsidiary records and files. X

Executive

- Chairman and Vice-Chairman. X
- Leadership and direction in specific BSC functional areas X

Federal Relations

- Collection and analysis of information about issues pending in the various departments of the Federal government and sharing it with appropriate BellSouth management. X
- Articulation of BellSouth corporate policies to all branches of the Federal Government with particular emphasis on the U.S. Congress. X
- Representation of BellSouth in various national organizations such as the United States Telephone Association, or the United States Chamber of Commerce. X
- Creation and coordination of alliances with outside stakeholders having similar interests as BellSouth on certain issues. X
- Corporation's primary contact with the Federal Communications Commission. X
- Corporate liaison with the Federal-State Joint Boards, convened to examine issues related to both jurisdictions. X

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Federal Relations (Cont'd)

- Advisement of BellSouth management of the impact of regulatory policies and decisions. Evaluation of regulatory policy options and proposed long-range regulatory objectives. Assistance in the formulation and drafting of FCC pleadings. X
- Establishment of contacts with State Regulatory staffs, the Commissioners and state government organizations outside the BellSouth region, where appropriate. X
- Establishment of contacts with Executive Branch agencies in order to monitor issues and activities related to telecommunications and regulation. X

Financial Management

Chief Economist

- Corporate value estimates and pro formas by consolidating independent views of BST and BSE LOB's and laying in corporate financial-policy assumptions. Regular update to ensure that the Chairman and selected other senior management have the latest available information on the corporate financial outlook. X
- Alternative scenarios for plans, policies and the operating environment. Alternatives examined may include, among others: (a) capital allocation, including M&A; (b) competition; (c) types of regulation; (d) financial policy; (e) state of the economy; and, (f) corporate organization. Position papers and recommendations for senior management based on results of these analyses. X
- Research projects which improve the quality of analysis and prediction in business cases and financial views, and which contribute to understanding and explaining operating results. X
- Econometric and simulation models used in developing independent views of entity operations. X
- Research projects to generate or improve forecasts of variables which drive entity revenues, expenses and capital requirements. X
- Research projects which support setting corporate financial targets and corporate financial policy. X
- Participation in the analysis and interpretation of operating results and in the development of reports communicating these analyses to the officers, the BSC Board of Directors, and external audiences. X
- Economic, financial and demographic forecasts for use in developing corporate plans and policies. X

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Financial Management

Chief Economist (Cont'd)

- Methods and procedures used in business-case and view development.
- Research support as needed to organizations throughout BST in such areas as modeling and quantitative methods, market sizing competitive analysis, anti-trust and regulatory economics, and corporate finance.

X

X

Financial Planning and Analysis

- Guidelines and financial planning assumptions used by all subsidiaries in preparing the strategies and financial plans and budgets.
- The BellSouth Consolidated Budget View.
- Recommendations and guidance concerning the establishment of Headquarters' departmental expense budget levels.
- Review of the forecast of each subsidiary to determine its value with respect to BellSouth economic and financial outlook assumptions.
- BellSouth portfolio management by studying, from a consolidated viewpoint, changes to the corporation's financial value from resource allocation alternatives.
- Various financial models, including the BellSouth business case.
- Independent views of the BellSouth Enterprises and BellSouth Telecommunications business cases using competitive, external analyst, economic, strategic, and trend information to provide a ten-year view to senior corporate officers.
- The financial data included in the Board of Directors meetings and executive summaries and highlights for FACTS packages.
- Research and recommended quarterly adjustments to subsidiary forecasts as required.
- Corporate earnings projections and assistance to Investor Relations with respect to analysis of results.

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Human Resources

- Development and implementation of procedures for the administration of the Medical Assistance Plan (MAP), the Flexible Benefits Plans, Group Life, FlexLife, Special Accident and Dependent Group Life Insurance Plans. X
- Development and reassessment of long-range benefits philosophy and objectives. X
- Researching benefits provided in other industries with which BellSouth competes for employees and comparisons of BellSouth's benefits to those in competitive businesses. X
- Tracking of benefits usage and cost data and recommendation of plan changes to control benefit costs. X
- Preparation of strategy and development of Company positions resulting from the collective bargaining process. X
- Development of financial analyses of alternative benefit plan features. X
- Drafting and control of benefits master plan texts for the corporation. X
- Development and implementation of procedures for administration of management and craft pension plans, crediting of service, formal leaves of absence, and retirement planning. X
- Development and implementation of procedures for administration of BellSouth Management Savings Plan (MSP), BellSouth Savings and Security Plan (BSSSP), the inactive BellSouth Employee Stock Ownership Plan (PAYSOP), and the Employee Stock Ownership Plans (ESOP). X
- Communication on level of employee benefits and effective use of company reports of benefit operations and results. X
- Development and review of the effectiveness of the various benefits programs and the associated vendors. X
- Development of strategy to effectively move management employees between all BellSouth entities. X
- Development and implementation of procedures for the administration of employee Service Award programs, and coordinate the service/retirement and other such employee Service Award programs. X
- Development and maintenance of data systems to support Human Resources functions throughout the Corporation. X
- Supporting the Human Resources mechanization needs of affiliated companies through systems design and consultative services. X

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	Transaction-Based Services	Knowledge-Based Services
		
Human Resources (Cont'd)		
• Development and coordination of the long-range philosophy and corporate objectives for providing non-qualified benefits.		X
• Designing non-qualified benefit plans consistent with corporate objectives and responsive to legislative and/or regulatory changes.		X
• Administration of the stock option and non-qualified benefit plans for all active and retired Executives and Key Managers.	X	
• Supporting implementation of Force Management Strategy for Key Managers and Executives.		X
• Design and development of Executive compensation and incentive plans.		X
• Establishment and maintenance policies regarding Executive base pay and incentive plan structures.		X
• Researching current writings/publications on new forms of base and variable pay, recognition programs, and determine application to BellSouth's programs. Redesigning of programs as appropriate.		X
• Design and development of management education programs for all management personnel.		X
• Development and implementation of new programs and processes to assist in the management of organizational change, redesign of organizations and jobs, and streamlining of work processes.		X
• Coordination and development of the Human Resources Strategic Plan and provide Human Resources planning and consultative services to various planning constituencies.		X
• Development and implementation of bargaining strategies for labor negotiations.		X
• Research of current bargaining settlements and trends in other industries.		X
• Provision of financial view assumptions for wages, benefits, and employee telephone concessions.		X
• Interface with CWA district and international staff in order to maintain union/management relations to aid in accomplishment of the corporate strategic directives.		X
• Support for BellSouth's non-management compensation plans.		X
• Coordination and planning for future regional collective bargaining with CWA for BellSouth represented companies.		X
• Coordination of all OSHA requirements.		X
• Review of new or revised practices for their potential impact on occupational health and safety.		X
• Development of operating procedures concerning the safe use of materials.		X
• Coordination of development, administration and ongoing maintenance of the BellSouth Accident Prevention Plan (BSAPP).		X

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Human Resources (Cont'd)

- Provision of environmental support throughout BellSouth Corporation's Headquarters operations.
- Review and monitoring of Human Resources Program development to ensure compliance with equal employment and work place opportunities legislation.
- Development of corporate non-management recruiting, employment and selection policy and methods.
- Development of overall corporate policies for management recruiting, cooperative education and internship programs.
- Coordination of all assessment and succession planning activities for key personnel.

X

X

X

X

X

Internal Auditing

- Internal audits for management of BellSouth Corporation Headquarters. Corporate functions subject to audit include pension fund management, treasury functions, corporate taxation, etc.
- Support of the Audit Committee of BSC and BST Boards by providing information to members, coordinating the administration of committee meetings, summarizing audits, and preparing status report of Corp. audits.
- Development of the Audit Universe and production of the annual audit plans for the entire corporation, and performance of quality assurance reviews of all audit staffs within the Corporation.
- Coordination of the department's annual audit plan with the external auditors, and advising management of the firm's audit fees. Coordination of all regulatory requests for the department.
- Audit standards and methods for the entire Corporation and the audit subject guides for all auditable subjects within the corporation.
- Coordination of audit training and professional development needs of all audit staffs by selecting appropriate seminars and courses, teaching courses and developing new course materials.
- Computer-assisted audit procedures for all auditors in the corporation in areas of technical support, training, computer hardware and software.
- Audit publications containing audit digests, audit statistics and results for the officers and upper management of the corporation.
- All direct supervision of audit offices through the BellSouth Chief Corporate Auditor and administrative support, including budgets and billing functions, for the entire corporation's internal auditing activities.

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X

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Investor Relations

- Direction and guidance on corporate governance matters, management of the proxy process in support of the annual meeting and management of the interface with the shareowner services transfer agent. X
- Serving as direct liaison with the stock transfer and shareholder services agent, negotiating and administering the shareholder services contract between BellSouth and the agent, and monitoring the quality of services and communications provided by the transfer agent. X
- Stock transfer and shareholder service. X

Legal

- Representation of the subsidiaries before the Federal Communications Commission. X
- Review, analysis, and interpretation of FCC orders and notices. X
- Advice and assistance to BellSouth management and the subsidiaries regarding FCC rules, regulations, and decisions. X
- Preparation of pleadings and conduct proceedings before the FCC on behalf of the subsidiaries. X
- Representation of the subsidiaries before the MFJ Court. X
- Representation of the subsidiaries before the Court of Appeals on MFJ and antitrust matters. X
- Legal advice to BellSouth management and the subsidiaries regarding the MFJ. X
- Antitrust advice to BellSouth management and the subsidiaries. X
- Development of and sponsoring of antitrust compliance seminars. X
- Advice and assistance with regard to labor relations and other human resources matters to BellSouth and its subsidiaries. X
- Advice and assistance to BellSouth and its subsidiaries with regard to pension, savings, and welfare plans as well as other benefit-related matters. X
- Information to and solicitation of comments from BellSouth subsidiary labor attorneys on pending federal legislation affecting the Human Resources area. X
- Coordination of regularly scheduled meetings and coordinate efforts of labor attorneys from BellSouth and its subsidiaries on current legal matters affecting the companies. X
- Review, analysis, and interpretation of various court and administrative rulings and provide advice and assistance to BellSouth and its subsidiaries regarding these rulings. X

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Legal (Cont'd)

- Advice and assistance regarding federal, state and local tax matters. X
- Advice and assistance with regard to the consolidated federal income tax return and state and local returns of BellSouth Corporation and its subsidiaries. X
- Advice and assistance with regard to regulatory tax issues. X
- Representation of BellSouth and its subsidiaries before the Internal Revenue Service and state local and tax agencies and in tax litigation. X
- Information to management and preparation of comments regarding federal, state, and local tax legislation and agency regulations and rulings. X
- Advice and assistance in preparation of trademark, service mark and patent applications. X
- Representation of BellSouth and its subsidiaries in infringement litigation. X
- Advice and assistance with regard to requirements of and filings with the Securities and Exchange Commission, the stock exchanges, and state and foreign securities regulators. X
- Advice and assistance with regard to inter-corporate relationships. X
- Counsel with regard to debt acquisition and equity infusions to the subsidiaries. X
- Analysis and comment on proposed legislation and regulation in the corporate and securities area. X
- Representation of BellSouth in litigation as required. X
- General advice and counsel to BellSouth Corporation and its various departments and the Board of Directors on corporate law and practice and corporate governance matters. X
- Support and advice to the subsidiaries on corporate governance matters with respect to federal and state laws and regulations, and with respect to BellSouth policy. X
- Advice and review as to shareholder proxy development and solicitation and the conduct of the Annual Meeting and/or other shareholder meetings. X

Media Relations

- Coordination of legal and regulatory disclosure requirements for BellSouth Corporation and provide guidance for disclosure requirements for subsidiaries. X

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Media Relations (Cont'd)		
• Coordination of information for financial data, federal legislative and regulatory activities and corporate policy for the subsidiaries.		X
• Coordination of national and international media inquiries concerning BellSouth for subsidiaries and refer media inquiries to the appropriate subsidiary when inquiry does not pertain to BellSouth Corporation.		X
• Coordination of information for reporters and broadcast news producers by providing background information and interviews to stakeholders.		X
• Establishment of consumer group support for corporate goals and advise corporation of consumer concerns.		X
Public Relations		
• Corporate employee information strategies and coordination of programs and activities with BellSouth companies.		X
• Production of the BellSouth magazine (employee quarterly).	X	
• Planning and execution of the Annual Shareholder's Meeting.	X	
• Production of BellSouth Corporation executive conferences.	X	
• Production of quarterly newsletter to shareowners and BLS Journal to institutional investors.	X	
• Production the Annual Report.	X	
• Speeches, articles, and related materials on industry issues.	X	
• Coordination of the BellSouth public relations strategic and operational plans based on corporate plans and strategies.		X
• Coordination of communications support for MFJ grassroots lobbying activities for the corporation.		X
• Public Relations professional development throughout the Corporation.		X
Security		
• Personnel, revenue, property, and security investigations for BSC.	X	
• Security for Annual Shareholders Meeting and BSC Board of Directors Meetings, BellSouth Classic, etc.		X
• Intelligence and advisory information for employee international travel.		X

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Security (Cont'd)

- Pre-employment background checks and contractor/vendor background checks for BSC and BSE subsidiaries. X
- Administration of the Fidelity Bond Program for BSC. X
- Administration of the Department of Defense Industrial Security Program for BSC. X

Strategic Planning & Corporate Development

- Coordination and oversight of BSC strategic analysis and planning, focusing on all aspects of communications and technology convergence. X
- Facilitation and development of integrated vision/strategy for BSC residential consumer market. X
- Facilitation and development of integrated vision/strategy for BSC business consumer market. X
- Coordination and facilitation of BSC corporate development activities, including mergers and acquisition (Not allocated to BST). X
- Support of various BSC planning committees and executive management. X
- Maintenance and development of "Corporate Resource Center" X

Tax

- Tax planning across tax jurisdictions (federal, state, local) and types of taxes (income, property and other). X
- Tax preparation for income(federal and state), property, sales and use, and other tax returns and business and occupational licenses. X
- Preparation of consolidated income tax data for financial statements. X
- Research and review of current and proposed tax-related legislation. X
- Explanation and data request coordination related to annual IRS federal income tax audits. X

Treasury

Treasury Methods

- Operating procedures, methods and management information systems for the Treasury Department. X
- Centralized planning and analyses of methods, procedures and management information systems needed in the Treasury Departments of various BellSouth companies. X
- Monitoring of the implementation and adherence to accepted Treasury procedures. X

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Treasury

Treasury Methods (Cont'd)

- Special studies of new Treasury concepts and procedures. X
- Various administrative duties such as budgeting, force and space planning, etc. X

Cash Management

- Coordination of financial activities between BellSouth, Chemical Bank (agent for shareholder account services and registrar), and AmSouth Bank (dividend paying bank). X
- Coordination of the banking relations activities for the company including evaluating and recommending banks for various services. X
- Receipt and deposit of all BellSouth receipts. X
- Disbursement of company funds via check, wire transfer, electronic funds transfer, and pre-authorized transfers. X
- Maintenance of the company's cash books, bank registers and check registers and journal accounts. X
- Management of the Company's temporary cash investments (Pool of Funds). X
- Cash forecasts and all short-term borrowing to cover the Company's cash needs. X
- Short-term loans (advances) to subsidiaries to meet their cash requirements. X
- Short-term pension fund investment. X

Financing

- Financial objectives for the parent company and assistance to the subsidiaries in the development of their objectives. X
- Support of subsidiaries in developing financing plans. X
- Coordination of rating agency interface for BellSouth and its subsidiaries. X
- Planning and coordination of BellSouth debt and equity financings. X
- Research into new and innovative financial techniques and capital markets. X

Trust Management

- Fiduciary direction and financial administration for the BellSouth Rabbi trust for non-employee Directors, BellSouth Rabbi Trust for Executive/Key Managers, BellSouth Corporation STAP Trust and the BellSouth Corporation Payroll Employee Stock Ownership Plan (PAYSOP) Trust through oversight of Trustee and Recordkeeper activities, monitoring disbursements from the Trust and ensuring Trustee contractual arrangements are met, and providing reports required by the Internal Revenue Service and reporting to the Finance Committee of the Board of Directors. X

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Treasury


Trust Management (Cont'd)

- Fiduciary direction and financial administration for the BellSouth Foundation through oversight of Custodian activities, monitoring disbursements from the Fund and ensuring Custodian contractual arrangements are met, providing investment planning, analyzing investment vehicles and selecting an investment strategy to meet cash flow requirements for higher grant payout level, developing and evaluating performance of current investment managers, monitoring adherence to investment guidelines and holding formal investment manager reviews, and reporting to the Finance Committee of the Board of Directors. X
- Fiduciary direction and financial administration for the BellSouth Vail Trust through in-house recordkeeping, payment of awards and associated expenses, developing financial reporting, and reporting to the Finance Committee of the Board of Directors. X
- Coordination with Comptrollers, Benefits, Legal and Tax Departments on the development and implementation of Corporate strategies on employee benefits issues through the legislative resources provided by the BellSouth D.C. Governmental Affairs group. X


Investor Relations

- Financial and statistical information for institutional investors, security analysts, and investment advisors about matters affecting earnings, stock price, or investment outlook. X
- Articulation of key corporate issues to the financial community via telephone, printed media, personal contacts, and seminars. X
- Organization of meetings of BellSouth financial officers with financial societies and key analysts. X
- Seminars, tours of facilities, and continuing communications via mail to over 1,500 interested financial community members. X
- Information to top management and Board of Directors on investor attitudes, market conditions, and trends in the stock market. X
- Analysis of patterns, trends, composition, and characteristics of the shareowner base to assist in managing shareholder decisions. X
- Coordination of investor relations activities with the Public Relations Department to ensure the accurate, timely, and consistent release of information. X
- Maintenance of good relations with both current and potential investors by promptly responding to individual and institutional investor requests for information and providing a continuous flow of information to the financial community. X


Bellcore Services Provided to BST at FDC

	Transaction-Based Services	Knowledge-Based Services
		
Accounting and Financial Standards		
• Accounting standards		X
Applied Research		
• Chemistry and Materials		X
• Computer networking, sciences, and systems		X
• Distribution network technology		X
• Electronic science and technology		X
• Lightwave systems		X
• Mathematics, information		X
• Multimedia communications		X
• Network control, systems		X
• Photonic and electronic machinery, science, and technology		X
• Radio research		X
• Speech and image processing		X
• Statistics and economics		X
• Systems integration and principles		X
• Transwitching technology		X
• Video systems and signals		X
Billing Systems		
• Billing support systems		X
• Billing Systems automatic message, cost of service, CSPA Support, New Services Billing Support		X
• Customer billing systems		X
• Financial systems support		X
• Stars maintenance		X
• Usage collection and procurement		X
Computing Standards and Architecture		
• BAE tech support - BS		X
• Common communications software		X
• Common language information		X
• Computer systems engineering		X
• Computer security technology, systems engineering, technology support, usage - SAM/USOC		X
• Computing technology		X
• Data layer engineering		X
• Enabling network technology and science		X


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Computing Standards and Architecture (Cont'd)		
• Interoperability/Operability Science		X
• ISI data catalog	X	
• LOC-USA	X	
• OSCA (TM) architecture		X
• OSI Vendor product introduction	X	
• OSN Planning and support		X
• PBX security - Bellsouth		X
• Service order language	X	
• Software request support	X	
• UNIX security toolkit	X	
Corporate Measurements		
• Basic measurements support	X	
• Measurements research account	X	
• Mechanical processing of R-AVL	X	
Economic Analysis		
• Area calling plan demand		X
• BellSouth database construction, switching cost information systems, demand for vertical services	X	
• Capital costs model	X	
• Common channel signal cost information	X	
• Network cost analysis	X	
Federal Regulatory		
• BellSouth services		X
• Legislative resources center	X	
• Local transport demand		X
• Productivity monitoring	X	
• Public policy analysis		X
• Regulatory research		X
• Resource center	X	
• RIF economic analysis	X	
Generic Requirements		
• ABS switching and signaling	X	
• ADSL generic transport	X	
• AIN planning and requirements	X	


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	Transaction-Based Services	Knowledge-Based Services
		
Generic Requirements (Cont'd)		
• DLC Infrastructure and technical analysis		X
• FITL basic platform		X
• Generic SMS/SOAC interfaces		X
• High-bit-rate loop transmission.		X
• In-CCS switch and signal		X
• Information exchange		X
• ISDN and National ISDN technology requirements		X
• Network performance and technical operations		X
• Personal communications systems		X
• Power systems		X
• Q&R technical systems		X
• Reliability and failure analysis		X
• Sonet release		X
• SVC negotiation & management information		X
• Switch and signal technology		X
Marketing Services		
• 3DS		X
• Access markets, enhancements, and maintenance		X
• Analytical support		X
• ARIS system enhancements		X
• ASR mechanical interfaces		X
• Billing and collection services		X
• BS wireless services		X
• Business residence listing		X
• Carrier access services and interfaces		X
• CCRS, CCS, CRIS systems enhancement and maintenance		X
• Exact Maintenance		X
• File transfer system		X
• Information research center	X	
• Listing industry support		X
• Market characterization and enhancements		X
• National security		X
• Public technology and operations		X
• RSAG/LFACS Interfaces, SCP/LIDB Calling name, VMC and vendor support		X
• Wireless Interconnection Services		X


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Network Services		
• ABS national planning, network fraud improvement		X
• CCRS, CCS, CLASS systems	X	
• Data services analyses		X
• DBAS, Flexcom systems	X	
• National ISDN-1 Technical		X
• Operator Services	X	
• PCS, SCP systems		X
• Telegate service center	X	
Network Standards & Architecture		
• Accelerated Operations support	X	
• Addressing and Interconnecting		X
• Advanced radio spectrum	X	
• Automatic recovery	X	
• BISDN phase 1 planning	X	
• Carrier technological liaison		X
• CCS system	X	
• Class feature requirement	X	
• CNM Interfaces	X	
• Common work for SWF-DS1	X	
• CPE Stimulation	X	
• Digital network transition		X
• Electromagnetic compatibles	X	
• End-user/customer idea generation		X
• Fundamental market analysis	X	
• Information networking and research	X	
• ISDN, MRSELS II systems	X	
• National Telephone security and software		X
• Network service, facilities, and operations	X	
• North American numbering		X
• Opportunity proposal	X	
• Product management planning	X	
• Prospectus	X	
• Radio and technology regulation		X
• Siemens EWSD ISDN systems	X	
• Standards planning		X
• SMDS systems	X	


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Network Standards & Architecture (Cont'd)		
• Technological support		X
• Workstation for advanced radio	X	
Operations		
• Operations planning		X
• CCRS, CCS, CIMAP systems	X	
• Current support video/programming	X	
• Embedded NDC & NTM Interfaces	X	
• Engineering	X	
• Integrated operations and testing systems	X	
• Intelligent network services	X	
• ISDN operations support		X
• ITS, NDS systems	X	
• Network administration, capabilities, technical support		X
• NMA system	X	
• NSDB enhancements, maintenance	X	
• Operations systems engineering	X	
• SEAS system management, interface	X	
• Work and Force Administration dispatch, enhancements	X	
Planning and Engineering		
• ADEX, AMATPS systems		X
• Bellsouth support		X
• Capacity management		X
• Catalog item database		X
• CCRS, CCS, CUCRIT, cross-connect systems	X	
• Construction standards		X
• Digital switching capacitor		X
• FEPS maintenance		X
• INPLANS application		X
• ITP sonet toolkit	X	
• JMOS interface		X
• LATIS transition		X
• LEIS system maintenance	X	
• SOAC, TIRKS, UNIX systems		X
• UTS mainframe COSMOS		X
• Lifecost system maintenance		X
• Location database development		X

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Planning and Engineering (Cont'd)		
• LSD&F system maintenance		X
• NEBS engineering		X
• NPS maintenance	X	
• P&E systems planning		X
• PENTA treated poles	X	
• PICS/DCPR system		X
• Planning view inventory		X
• Project database development	X	
• Service and transport design		X
• Subassembly and technology management models		X
• Unit inventory development and requirements	X	
• Pricing	X	
• Access cost support	X	
• BellSouth access consultation and cost support	X	
• CCS national services support		X
• Demographic and customer analysis	X	
• NARUC blue book and blue book enhancement	X	
• Reg. cost analysis and information systems	X	
Procurement Support		
• Auto ID Technical application		X
• BellSouth Regional products		X
• Key Network product quality		X
• PICS project management		X
• Quality surveillance technology		X
Provisioning		
• COSMOS enhancements and modifications	X	
• CT/ADL1, CT/ADL6	X	
• Environmental Support	X	
• Integrated exception and provisioning	X	
• Interface product management	X	
• LFACS, LMOS systems	X	
• MARCH maintenance, application, and support	X	
• MIZAR, OSS, PREMIS, systems	X	
• Service order planning		X

Bellcore Services Provided to BST at FDC

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Provisioning (Cont'd)			
• Public Relations			X
Regulatory Support			
• Basic security training		X	
• BS client relations, investment interface, regulatory support			X
• ECR new and supplementary services support			X
Support Services			
• BellSouth pastel support		X	
• BellSouth PISCES		X	
• Building standards & codes		X	
• BellSouth info technology and vendor document distribution	X		
• Building engineering support		X	
• Contract administration		X	
• Electronic document delivery and standards		X	
• Fire risk assessment		X	
• Information management distribution, operation, and systems		X	
• Library and information services	X		
• Superbook technical support		X	
• Switch procurement analysis		X	
Technical Analysis			
• Apparatus and material requirements		X	
• Bellcore SCP software		X	
• BellSouth Technical analysis			X
• CCS network integrity technical analysis		X	
• Fiber media and component		X	
• Interoffice technical analysis			X
• ISDN service implementation		X	
• Network synchronization			X
• Technical analysis			X
Technical Training			
• Advanced technology		X	
• Distribution service, information networking	X		
• Technology intern program		X	
• Training sales, service	X		
• World of intelligent tutorials	X		

BBS Services Provided to BST at FDC

Transaction-Based
Services

Knowledge-Based
Services



BellSouth Financial Services (FINS)

- Provides no services to BST at FDC.

BellSouth Communications, Inc. (BCI)

- Premise sales to large BST customers.
- Hardware selection.
- Network design.

X

X

X

BellSouth Communications Systems, Inc. (BCS)

- Trouble isolation.
- Testing services.
- Problem resolution.
- Network maintenance and repair.

Incidental - No EFMV Test

Incidental - No EFMV Test

Incidental - No EFMV Test

Incidental - No EFMV Test

Dataserv, Inc.

- No services provided to BST at FDC.

BellSouth Advanced Networks, Inc. (BSAN)

Information Systems Services

- Hardware and software selection.
- Data network management software.
- Software support and maintenance
- Data network systems integration.

X

X

X

X

Technical Assistance

- Consulting services
- Problem resolution
- Legal support
- Systems deployment support

X

X

X

X

Training Services

- Computer systems training.
- Engineer training.
- Operator training.

X

X

X

Quality Assurance Services

- Proactive systems monitoring.
- Trouble reporting and tracking.

X

X

BBS Services Provided to BST at FDC

Transaction-Based
Services

Knowledge-Based
Services



BellSouth Advanced Networks, Inc. (BSAN) (Cont'd)

Customer Service

- Customer problem resolution X
- Information assistance X

Customer Billing Services

- Custom bill format creation X
- Database maintenance/administration X
- Billing reports X
- Posting of changes/adjustments X
- Resolution of customer billing inquiries X

Management Services

- Project management of BSAN projects. X
- Joint planning with BST on DSAN projects. X

Sales and Marketing Support Services

- Product development X
- Product management X
- Promotions X
- Market demand/forecasting X
- Contract administration X
- Sales support X

Ordering and Provisioning

- Customer order processing. X

Cost Estimate Methodology

TB&A has estimated the cost impact of the use of EFMV to BST and its affiliates, for the recurring costs associated with the compliance to the NPRM, using the following steps:

- 1) Interview BST and affiliate personnel regarding the services provided.
- 2) Review BST and affiliate documents including the Cost Allocation Manual
- 3) Identify services provided to BST from affiliates
- 4) Classify services (transaction-based or knowledge-based)
- 5) Develop assumptions (frequency of testing, rate per hour for labor, use of outside consulting, grouping of services)
- 6) Determine cost per test for each service classification
- 7) Calculate number of equivalent EFMV tests
- 8) Multiply number of each type of EFMV test against its estimated cost
- 9) Calculate total cost

The cost estimate does not include costs from vendors to provide quotes or those costs not currently possible to quantify, such as the economic costs associated with item "d" in the "Recurring Compliance Costs" section of this Attachment. In addition, the cost impact of the implementation of the EFMV pricing rule requirements, and the cost of testing the services provided from BST to its affiliates at FDC, has not been estimated and would increase significantly the total cost impact to BST and its affiliates.

Assumptions

- EFMV tests will be performed for each service on the average of once per year.

Rationale: While established and stable services would require testing less frequently than once per year, new services and services that are modified would require testing throughout the year.

- The average rate per hour to perform EFMV tests is \$50 for company personnel and \$150 for contractors.

Rationale: The rate for company personnel is based on the fully loaded compensation for an entry-level to mid-level manager. The rate for contractors is based on representative billing rates for mid-level consultants.

- The mix of company personnel required for EFMV tests, versus contractors, is roughly 75% to 25% for transaction-based services, 50% each for hybrid services, and 25% to 75% for knowledge-based services.

Rationale: Knowledge-based services are less routine and harder to define than transaction-based services, suggesting the need for outside assistance. Even for primarily transaction-based services, some degree of outside assistance will be required if only to provide the requisite objectivity to the process.

- The list of services provided in Attachment A can be grouped for EFMV test purposes as follows:

Belcore -- 2 Services = 1 test
 BellSouth Corporation -- 2 Services = 1 test
 BellSouth Business Systems -- 1 Service = 1 test

Rationale: Certain services have similar characteristics allowing the services to be bid upon and evaluated simultaneously.

Cost Drivers

The EFMV proposal would significantly increase costs incurred by BST and its affiliates, both in terms of one-time implementation costs and recurring program administration costs. The majority of the cost increase would be the direct result of the following items:

"One Time" Implementation Costs (Unquantified)

- Accounting procedure revisions
- CAM manual revisions
- Accounting software revisions
- Audit procedure revisions
- Staff training on new procedures and programs

"Recurring" Compliance Costs

- Increased internal regulatory burden (monitoring this new process and justifying the use of FDC vs. EFMV in federal and (9) state jurisdictions - unquantified)
- Increased complexity of annual audit (unquantified)
- Operational and administrative costs associated with new EFMV process, including gathering data for alternative provider studies and time to determine EFMV for each service on an on-going basis as well as upon new service introduction
- Further barriers to doing business among affiliates due to new regulatory restrictions institutionalizing inefficiencies (unquantified).
 - Cost of delays in provision of new services to determine EFMV including time-sensitive services such as new product R&D.
 - Cost of inefficiency associated with affiliates choosing not to do business with the regulated entity due to onerous regulatory restrictions that build in costs that eliminate what might be, in the current regulatory environment, the least-cost alternative.

Cost Estimate

Activity Description	Transaction-based		Hybrid service		Knowledge-based	
	Company Hrs	Contractor Hrs	Company Hrs	Contractor Hrs	Company Hrs	Contractor Hrs
<i>Develop/update service specs</i>	70	20	75	75	50	130
<i>Develop/update vendor lists</i>	60	20	65	65	50	90
<i>Issue request for quotes</i>	15	5	15	20	15	40
<i>Review and evaluate quotes</i>	50	13	65	60	50	140
<i>Total Hours</i>	195	58	220	220	165	400
<i>Cost Assumptions</i>						
<i>Rate per hour</i>	\$50	\$150	\$50	\$150	\$50	\$150
<i>Approx. % of hrs req'd - Int v. Ext.</i>	75%	25%	50%	50%	25%	75%
<i>Cost of Labor</i>	9,750	8,700	11,000	33,000	8,250	60,000
<i>Total cost for EFMV test</i>	\$18,450		\$44,000		\$68,250	

Grouping of services results in a total of 255 equivalent EFMV tests:

BSC	220 / 2	=	110 equivalent EFMV tests
Bellcore	225 / 2	=	113 equivalent EFMV tests
BBS	32 / 1	=	32 equivalent EFMV tests
Total		=	255 equivalent EFMV tests

Service Type Distribution # Tests Cost of Test Cost Impact

Transaction-based svc tests	8 %	= 20	@ 20,000	= \$400,000
Hybrid service tests	38 %	= 97	@ 45,000	= \$4,365,000
Knowledge-based svc tests	54 %	= 138	@ 70,000	= \$9,660,000
Estimated Total Cost		255		= \$14,425,000